of, their business relations with others." In *Hampson* v. *Price's Patent Candle Co.*, 45 L. J. Ch. 437, where it was decided that a bonus profit-sharing scheme approved by directors' and shareholders' meeting of manufacturing corporation was intra vires, JESSEL, M. R., says: "He [the judge] ought to consider that the manager and directors of the corporation whose business it is, and who ought to know how to conduct the business to the most advantage, ought to be allowed to judge whether what is about to be done is advantageous and reasonable or not." So in *Henderson* v. *Bank of Australasia*, 40 Ch. D. 170, which is almost on all fours with the instant case, in that gratuity to family of bank manager who had been killed in accident was sustained by the court as sound business policy and within the province of the board of directors, the preceding cases were cited and approved by NORTH, J., who also distinguished *Hutton* v. *West Cork Ry. Co.*, 23 Ch. D. 654, because the gratuities in that case were on the *dissolution* of the company. *In re Irish Provident Assurance Co.*, [1913], 1 Ir. R. 352, is a modern case along the same line. There seem to be no other American cases which *expressly* recognize the doctrine of the instant case, though it seems in accord with the general trend of decisions in this country and may be said to be tacitly recognized in the consideration *actually* given to the superior knowledge naturally possessed by directors concerning the conduct of the business of the corporation.

CORPORATIONS—REFUSAL TO ACCEPT ARTICLES OF INCORPORATION BECAUSE OF UNCERTAINTY IN EVALUATION OF PATENTS AS CONSIDERATION FOR STOCK.—$64,050 worth of the shares of the M. Calculator Co. were issued for patents controlling the special machine the corporation was incorporated to manufacture and sell. Under § 6, Art. 12, of the Constitution of Texas no shares of a corporation shall be issued except for "money paid, labor done, or property actually received," and under Arts. 1126-1128 of Vernon's Sayles' Civil Statutes it is provided that 50% of the stock of the corporation shall be paid in, that the property given for the stock shall be described and evaluated and the description and evaluation sworn to by the incorporators, and that if the affidavits accompanying the articles fail to satisfy the Secretary of State he may refuse to "receive, file and record" such articles until satisfactory evidence be forthcoming. In the instant case the Secretary of State had refused to receive the articles on the ground that the evidence of the value of the patent rights was unsatisfactory as part of the requisite 50% paid up stock; plaintiffs, applicants for the corporate charter, bring mandamus to compel the acceptance of the articles. *Held*, that it was within the discretion of the Secretary of State to refuse to receive the articles. *Beach et al.* v. *McKay*, (Tex. 1917), 191 S. W. 557.

It was contended by the Secretary of State in this case that patent rights are never property which can be "actually received" within the terms of the Constitution. The court did not consider it necessary to pass on that point, finding sufficient legal ground to hold against the relators in the uncertain character of the value of any patent right and lack of power in the court to compel a discretional act by a state officer. The case is interesting, however, in that many states, including Michigan, have similar requirements to those

of the Texas statute as to making affidavits of the value of property paid in for stock, and similar discretion reposed in the Secretary of State. Under such provisions it has been a matter of doubt for some time to thoughtful lawyers who have been confronted with the problem of incorporating firms whose stock was to be largely issued for patents, as to the precise effect of the statutory provisions concerning valuation under oath of the property turned in for stock. The instant case does not tend to encourage those who would incorporate with patent rights of more or less nebulous value as the principal asset of the corporation. The effect would be to give greater protection to creditors, but considering how many important companies, a source of profit to their shareholders and of benefit to the community, have been launched almost entirely on the value of the patents assigned to them, it is doubtful whether there may not be a distinct loss from a larger view. A Michigan case along this line is discussed in 15 MICH. L. REV. 443.

CORPORATIONS—WHEN IS A CORPORATION A "MANUFACTURING CORPORATION"?—Art. 10, §3 of the Minnesota Constitution provides for the statutory double liability of shareholders of a corporation "excepting those organized for the purpose of carrying on any kind of manufacturing or mechanical business." A corporation was organized for the general purposes of manufacturing and furnishing electric current for light, heat and power, and, aside from the usual accessory power to acquire land and water rights, was to furnish or supply electrical appliances, and also to conduct the business of "electrical contractors and electrical and mechanical engineers." In a suit to recover from the shareholders of this company under the statute, *held*, that the corporation was not a manufacturing company so as to come within the exemption. *Goddard* v. *Jost*, (Minn. 1917), 161 N. W. 223.

The court states that a corporation for the manufacture and distribution of electrical power is a manufacturing corporation, citing two Minnesota cases. One of these, *Vencedor Inv. Co.* v. *Highland Canal & Power Co.*, 125 Minn. 20, gives an excellent review of this point, and in connection with the note to *Williams* v. *Warren*, 72 N. H. 305, in 64 L. R. A. 38, clearly shows that the weight of authority is with the statement of the law made above. The power to manufacture and furnish electrical appliances is a common accessory power of electric light companies. The other two powers are clearly accessory to the main power already stated. That of holding lands for the charter purposes of the corporation has often been defined as an inseparable incident to every corporation. See 1 BLACKSTONE, COMM. 475; *Thomas* v. *Dakin*, 22 Wend. 1; *Snell* v. *Chicago*, 133 Ill. 413. The conferring of that power could hardly remove the company from the class of manufacturing corporations. There remains only the power of doing business as contractors and engineers. This is clearly not manufacturing in its nature, and while it is as clearly a power entirely incidental to the main purposes of the corporation, it seems sufficient ground, possibly in conjunction with the power to manufacture and furnish electrical appliances, for the court to refuse to include A. Co. within the exemption. Reference to the five cases cited by the court as "interesting" in this connection shows how strong